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- c. Nurses Aide Training Costs: Nursing facilities are required to reimburse certified nurses aides (CNAs) if the CNA paid for the training within one year of being employed by the facility and has not previously been reimbursed. The amount nursing facilities are required to reimburse the CNA is limited to the cost of the class and books at Nevada community colleges. The aide is to be reimbursed after three months of employment in the facility. Nursing facilities must follow the procedures specified by Nevada Medicaid to receive reimbursement from Medicaid for their share of the amount paid to the CNA. Facilities which conduct a training program will continue to bill Medicaid for the cost of the training and competency evaluation.
- d. Capital Related OBRA 87 costs: Nursing facilities are currently reimbursed for costs required to implement the changes in regulations for Life Safety Code and NATCEP through direct Medicaid billing. Some of the changes required the purchase of items which are capitalized. For such items cost is determined by the amount of depreciation which would be allowable per patient day and then multiplying that figure by the number of Medicaid days. The per patient day figure would be added to the property rate calculated in Section B(2) until the asset's depreciation is included in the cost report used to set rates.
- e. Any additional costs resulting from OBRA 87 are promptly reimbursed upon notice by each individual facility. Since these costs will vary significantly for each facility, this approach not only provides for immediate reimbursement, but also protects those facilities which might incur substantially higher costs than others.

TN# 92-25  
supersedes  
TN# 92-27

Approval Date

8/2/95

Effective Date

Feb 1, 1993

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RESERVED FOR FUTURE USE

TN# 92-27

Supersedes

TN# 90-6

Approval Date OCT 14 1993

Effective Date October 1, 1992

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4. After the basic prospective operating rate is established, an amount equal to seven cents will be added to the per diem rate for each intermediate level of care and 11 cents will be added to the per diem rate for skilled level of care. These rate add-ons are to compensate the facilities for the cost of providing all medical equipment for Medicaid patients except specialty air flotation-type beds, prosthetics, and orthotics. The rate add-on will discontinue when the cost of the equipment is included in the audited cost report used for rate setting (approximately 1994). The nursing facility rate does not include custom-molded specialized seating systems. These seating systems are defined as components unique to a specific client, designed to accommodate established, fixed, spinal, skeletal and/or joint deformities. Deformities must be so severe they: 1) require custom-molded back, trunk, and extremity support or positioning; and 2) positioning needs cannot be met with other types of modular support components. Payment for custom-molded specialized seating systems are made to durable medical equipment suppliers in accordance with Attachment 4.19-B.
5. After the basic prospective operating rate is established, an amount equal to 14 cents will be added to the per diem rate for each intermediate level of care and 28 cents will be added to the per diem rate for each skilled level of care. These rate add-ons are to compensate the facilities for the cost of providing all non-emergency routine transportation for Medicaid patients. The rate add-on will discontinue when the cost of the transportation is included in the audited cost report used in setting rates. This add-on would apply to facilities in Clark, Washoe, Churchill and Carson City counties. Facilities located in other counties will be paid under the policies in section 4.19-B.

TN# 92-27

Supersedes

TN# N/A

~~OCT~~ 14 1993

Approval Date \_\_\_\_\_

Effective Date October 1, 1992

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D. Intermediate Care Facilities for the Mentally Retarded (ICFs/MR)

1. ICFs/MR (excluding private ICFs/MR-Small):

- a. ICFs/MR, excluding private ICFs/MR-Small ("small" is defined as facilities having six beds or less), are reimbursed under Medicare principles of retrospective reimbursement described in 42 CFR 413 and further specified in HCFA Publication 15.
- b. In no case may payment exceed audited allowable costs.
- c. Each facility is paid the lower of 1) billed charge; or 2) an interim rate subject to settlement in accordance with a. and b. above.

2. Private ICFs/MR-Small:

- a. Prospective Payment Rate. Private ICFs/MR-Small will be paid a prospective payment rate for basic service costs, other than day training costs and property costs, on a per patient day basis. Day training costs and property costs, excluded from the basic prospective rate, will be reimbursed under Medicare principles of retrospective reimbursement as described in paragraph 1 above.

1) The initial basic prospective payment rate, per patient day, will be the average of costs (excluding residential staff wages and benefits) of the four private ICFs/MR-Small, operating a full year, from 1993 audited cost reports. Costs will be indexed to the common time period of December 31, 1993. Residential staff wages and benefits cost is calculated, and added to the average, at the rate of \$11 per hour for 6.4 full-time equivalents. The initial rate period is one year from July 1, 1995 through June 30, 1996. Therefore, the rate will be adjusted for inflation for the period June 30, 1993 - December 31, 1995 (the midpoint of the cost report period to the midpoint of the rate period) by the percentage change in the Consumer Price Index - All Urban and Clerical Workers (CPI), for calendar year 1993 times 2.5. The initial rate will be effective for private ICFs/MR-Small on July 1, 1995.

2) The basic prospective payment rate will be adjusted annually on July 1 of each year. The adjustment will be accomplished by: a) the percentage increase in the CPI for the previous calendar year; or b) rebasing the rate on audited cost reports of all private facilities completed by March 31 of the same year. The method of the adjustment will be at the discretion of the state. However, rebasing will be performed at least once every three years. Upon rebasing, costs will be indexed to a common point in time, arrayed from highest to lowest, and the cost of the 60th percentile facility selected. The rate will further be adjusted for inflation by the CPI.

TN# 95-10  
Supersedes  
TN# 93-21

Approval Date MAY 16 1995

Effective Date July 1, 1995

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- 3) In addition, the rate will be adjusted for increased costs of services over basic inflation, which are determined to be necessary under new federal or state guidelines.
- 4) Day training costs must be approved by the Division of MH/MR. These approvals must be obtained annually on all patients and anytime there is an increase in service cost.
- 5) Property costs consist of a property lease (or in the case of an owned facility, interest and depreciation) as well as depreciation of equipment, property insurance and property taxes.

b. Alternate Prospective Payment Rate

- 1) For state Fiscal Year 1996, a facility that was privately operated before July 1, 1995 may receive an alternate prospective payment rate equal to its interim rate at June 30, 1995, or its actual audited costs, whichever is less, in lieu of the calculated rate under paragraph 2.a. A facility whose alternate rate is greater than the rate under paragraph 2.a. will automatically receive the alternate rate.
- 2) For subsequent years, any alternate rate facility may receive its alternate rate for the previous year adjusted by the percentage increase in the CPI for the previous calendar year, or its actual costs, whichever is less, in lieu of the rate under paragraph 2.a., except as superseded by the condition specified in paragraph 2.b.(3).
- 3) At such time as the total payments under paragraph 2.a. for any alternate rate facility equals or exceeds the payments under this paragraph 2.b., the provisions of paragraph 2.b. are no longer applicable to such facility. For example, if a facility in its Fiscal Year 1996 would have received \$500,000 in total payments under paragraph 2.a., and for the same period the facility received \$500,000 or less under the alternate rate of paragraph 2.b., as determined subsequent to the facility's audit, the facility will come under the provisions of paragraph 2.a. in Fiscal Year 1997 and all future rate periods.

E. Swing-bed hospitals:

1. Inpatient hospital services furnished by a certified swing-bed hospital which have been certified by NevPRO for payment at the nursing facility level are reimbursed in accordance with \$447,280.

TN# 95-10  
Supersedes  
TN# N/A

Approval Date MAY 16 1996 Effective Date Jul 1, 1995

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2. Average statewide weighted per diem payments for all nursing facility routine services (excluding ICF/MR) are calculated for a calendar year; each rate is rounded to the nearest even dollar and becomes the swing-bed rate for routine nursing facility services provided in the subsequent calendar year. Swing-bed rates are not subject to later adjustment.
3. Ancillary services required by swing-bed patients are separately payable as "outpatient hospital services;" see Attachment 4.19-B, Item 2.a.

F. Out-of-state nursing facilities and ICF/MRs:

Out-of-state nursing facilities and ICF/MRs are reimbursed at the lower of:

1. The same rate that the facility is reimbursed by its own state Medicaid program (rounded up to the nearest dollar); or
2. Based on the activity of the placement (medical and/or behavioral), a negotiated rate that does not exceed the facility's usual and customary charges.

TN# 95-10

Supersedes

TN# N/A

Approval Date

**MAY 16 1996**

Effective Date

July 1, 1995

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PAYMENT FOR NURSING FACILITIES  
ASSURANCES AND RELATED INFORMATION

A. State Assurances and Findings. The State assures that it has made the following findings:

1. 447.253(b)(1)(i) - The State pays for long-term care facility services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers to provide services in conformity with applicable State and Federal laws, regulations, and quality and safety standards.
2. With respect to nursing facility services --
  - a. 447.253(b)(1)(iii)(A) - Except for preadmission screening for individuals with mental illness and mental retardation under 42 CFR 483.20 (f), the methods and standards used to determine payment rates take into account the costs of complying with the requirements of 42 CFR part 483 subpart B.
  - b. 447.253(b)(1)(iii)(B) - The methods and standards used to determine payment rates provide for an appropriate reduction to take into account the lower costs (if any) of the facility for nursing care under a waiver of the requirements in 42 CFR 483.30 (c) to provide licensed nurses on a 24-hour basis.
  - c. 447.253(b)(1)(iii)(C) - The State has established procedures under which the data and methodology used to establish payment rates are made available to the public.
3. 447.253(b)(2) - The proposed rate will not exceed the upper payment limits as specified in 42 CFR 447.272:
  - a. 447.272(a) - Aggregate payments made to nursing facilities when considered separately, will not exceed the amount that can reasonably be estimated would have been paid for under Medicare Payment principles. (There are no state-operated nursing facilities to which this assurance is applicable.)
  - b. 447.272(b) - Aggregate payments to ICFs/MR will not exceed the amount that can reasonably be estimated would have been paid for under Medicare payment principles. And, aggregate payments to state-operated facilities (that is ICFs/MR) - when considered separately will not exceed the amount that can reasonably be estimated would have been paid for under Medicare payment principles.

TN# 95-10  
Supersedes  
TN# 95-02

Approval Date MAY 16 1996

Effective Date July 1, 1995

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B. State Assurances. The State makes the following additional assurances:

1. For nursing facilities and ICFs/MR

a. 447.253(d) (1) - When there has been a sale or transfer of the assets of a NF or ICF/MR on or after July 18, 1984, but before October 1, 1985, the State's methods and standards provide that payment rates can reasonably be expected not to increase in the aggregate, solely as a result of a change in ownership, more than payments would increase under Medicare under 42 CFR 413.130, 413.134, 413.153 and 413.157 insofar as these sections affect payment for depreciation, interest on capital indebtedness, return on equity (if applicable), acquisition costs for which payments were previously made to prior owners, and the recapture of depreciation.

b. 447.253(d) (2) - When there has been a sale or transfer of the assets of a NF or ICF/MR on or after October 1, 1985, the State's methods and standards provide that the valuation of capital assets for purposes of determining payment rates will not increase (as measured from the date of acquisition by the seller to the date of the change of ownership) solely as a result of a change of ownership, by more than the lesser of:

(i) 1/2 of the percentage increase (as measured from the date of acquisition by the seller to the date of the change of ownership) in the Dodge construction index applied in the aggregate with respect to those facilities that have undergone a change of ownership during the fiscal year; or

(ii) 1/2 of the percentage increase (as measured from the date of acquisition by the seller to the date of the change of ownership) in the Consumer Price Index for All Urban Consumers (CPI-U) United State city average) applied in the aggregate with respect to those facilities that have undergone a change of ownership during the fiscal year.

2. 447.253(e) - The State provides for an appeals or exception procedure that allows individual providers an opportunity to submit additional evidence and receive prompt administrative review, with respect to such issues as the State determines appropriate, of payment rates.

TN# 95-10  
Supersedes  
TN# 95-02

Approval Date MAY 16 1996

Effective Date July 1, 1995

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3. 447.253(f) - The State requires the filing of uniform cost reports by each participating provider.
4. 447.253(g) - The State provides for periodic audits of the financial and statistical records of participating providers.
5. 447.253(h) The State has complied with the public notice requirements of 42 CFR 447.205

Notice published on: May 22, 1995

6. 447.253(i) - The State pays for long term care services using rates determined in accordance with the methods and standards specified in the approved state plan.

C. Related Information

1. 447.255(a)

Estimated average proposed payment rate for ICFs/MR as a result of this amendment: \$190

Average payment rate for ICFs/MR for the immediately preceding rate period: \$186

Amount of change: \$4 Percent of change: 2.15%

Estimated average proposed payment rate for nursing facilities as a result of July 1, 1995 rebasing of rates: \$82.94 (There is no change in the rate attributed to the amendment.)

Average payment rate in effect for nursing facilities for immediately preceding rate period: \$79.33

Amount of change: \$3.61 Percent of change: 4.55%

2. 447.255(b) - The estimated short term and long term effect in the estimated average rate on:

(a) The availability of services on a statewide and geographic area basis: NONE

(b) The type of care furnished: NONE

(c) The extent of provider participation: NONE

TN# 95-10

Supersedes

Approval Date

MAY 16 1996

Effective Date

July 1, 1995

TN# 95-02